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1947 Goals Ask Top Farm Output - - - *Phillip F. Aylesworth* 1
World Food Picture This Winter - - - - - - *C. M. Purves* 5
Three Decades of Taxes on Farming - - - - *Gerhard J. Isaac* 7
Let's Talk Turkey - - - - - - - - - - - *Gerson G. Levin* 9
Cranberry Trends - - - - - - - - - - *E. O. Schlotzhauer* 10
Long-time Prospects for Meat Production - - - *Grover J. Sims* 11

1947 Goals Ask Top Farm Output for Sixth Year

PRODUCTION goals for 1947 call for another year of production near wartime levels. The suggested large production is justified by anticipated needs. From the standpoint of proper land use and conservation, however, the goal acreage is larger than is permanently desirable and means a delay in restoring a better balance between soil depleting and soil conserving crops.

In recognition of the heavy drain these crops place on soil resources and the resulting intense competition for use of land in some areas, farmers will want to examine goals very closely in relation to good land use and send in their recommendations in terms of production resources.

A choice therefore arises between commodities as to which should be given priority, such as, wheat or flaxseed, cotton or grain sorghums, dry beans or sugar beets. Farmers will want to reconsider their plans for planting spring wheat, in view of the need for flaxseed and the excellent condition of the large acreage of winter wheat.

There are several reasons for continuing heavy production in 1947. First, there is a strong domestic demand. Second, there is need to build up reserve stocks of some commodities depleted during the war. Third, many war devastated areas are still critically short of food and other farm products America can supply. Fourth, a margin of safety should be allowed for the possibility of less favorable weather and lower yields than have prevailed in recent years.

In view of the severe world shortage of such commodities as fats and oils, sugar, and some of the cereals, maximum domestic production of these commodities is desired so that more supplies which might otherwise be shipped to the United States will be available for other countries.

This does not mean there is an unlimited demand for all farm commodities. The goals suggest cuts in the acreage of some crops. By exceeding the goals, especially for potatoes, peanuts and burley tobacco, farmers could easily overproduce and bring on serious marketing difficulties. Substantial reductions in acreage of certain war-emphasized crops will be needed in some areas, while in others the suggested changes in crop goals call for acreage expansion. The need for such shifts may be expected to intensify as time goes on and as economic conditions change. Even for

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some of the commodities for which a substantial increase in production is desired this year, reductions toward a normal level may be wise after 1947 is past.

Greatest expansions over 1946 acreages called for by 1947 goals are in cotton, flaxseed, dry beans, soybeans, barley, and grain sorghums. Continuation of the high wartime level of production is indicated for wheat, rice, and sugar crops.

Food Grains and Pulses: The goals for wheat, rye, and rice are at high levels, in part because of the expected relief needs of war-devastated areas. The wheat goal, at approximately the same acreage as indicated for 1946, is considerably higher than any of the war years—11,327,000 acres or 18 percent above the average of the years 1942 through 1945. In the early war years there were large stocks of wheat and overseas demand was relatively small. Military and lend-lease demand was for vastly increased quantities of meats, poultry and eggs, dairy products, and oil crops. Record quantities of wheat were used as livestock feed.

The heavy foreign requirements for wheat beginning in early 1946 were caused by the world food shortages resulting from the war and disastrous weather in some countries during 1945. And additional demand has fallen on wheat because of the shortage of rice. It is entirely likely that 1947 will see the end of most of these emergency demands. If so, production in this country would need to return to a more normal pattern.

One of the greatest wartime expansions in production of any crop was in dry edible peas to meet heavy demands. Production reached 350 percent of the prewar average, and 1947 goals are at levels that would produce approximately twice the amount needed for domestic consumption. Needs of war devastated areas should furnish a market for most of this production.

Dry bean supplies have been short of requirements even with dry edible peas as a supplement to the supply The dry-bean goal for 1947 is placed at what is believed to be the maximum acreage attainable.

Feed Grains: The 1947 acreage goals for feed grains—corn, oats, barley, and sorghums for grain—totals 158 million acres. This acreage is expected to produce 115.3 million tons of grain which would meet anticipated requirements, including exports, during the 1947–48 feeding season.

The estimated feed-grain requirements for livestock feed in 1947–48 account for about 102 million tons out of the total of 115.3 million. The total feed grain carryover at the end of the 1947–48 season would be fairly high (17.1 million tons of corn, oats, and barley). Requirement estimates for 1947–48 assume the maintenance in all stock positions of 450 million bushels of corn, 265 million bushels of oats, and 76 milion bushels of barley.

Goals call for somewhat smaller acreages of corn for 1947 for the states in the Corn Belt in recognition that soils have been cropped heavily since 1940. Outside the North Central states, farmers want to grow larger acreages of feed grains in order to be less dependent upon shipped-in feed. Some shift from oats to barley production is suggested, particularly in Wisconsin, Minnesota and the Dakotas.

Oil Crops: The greatest percentage increase in acreage for any group of crops is asked for the oil crops, flaxseed and soybeans. The goal for flaxseed is designed to meet

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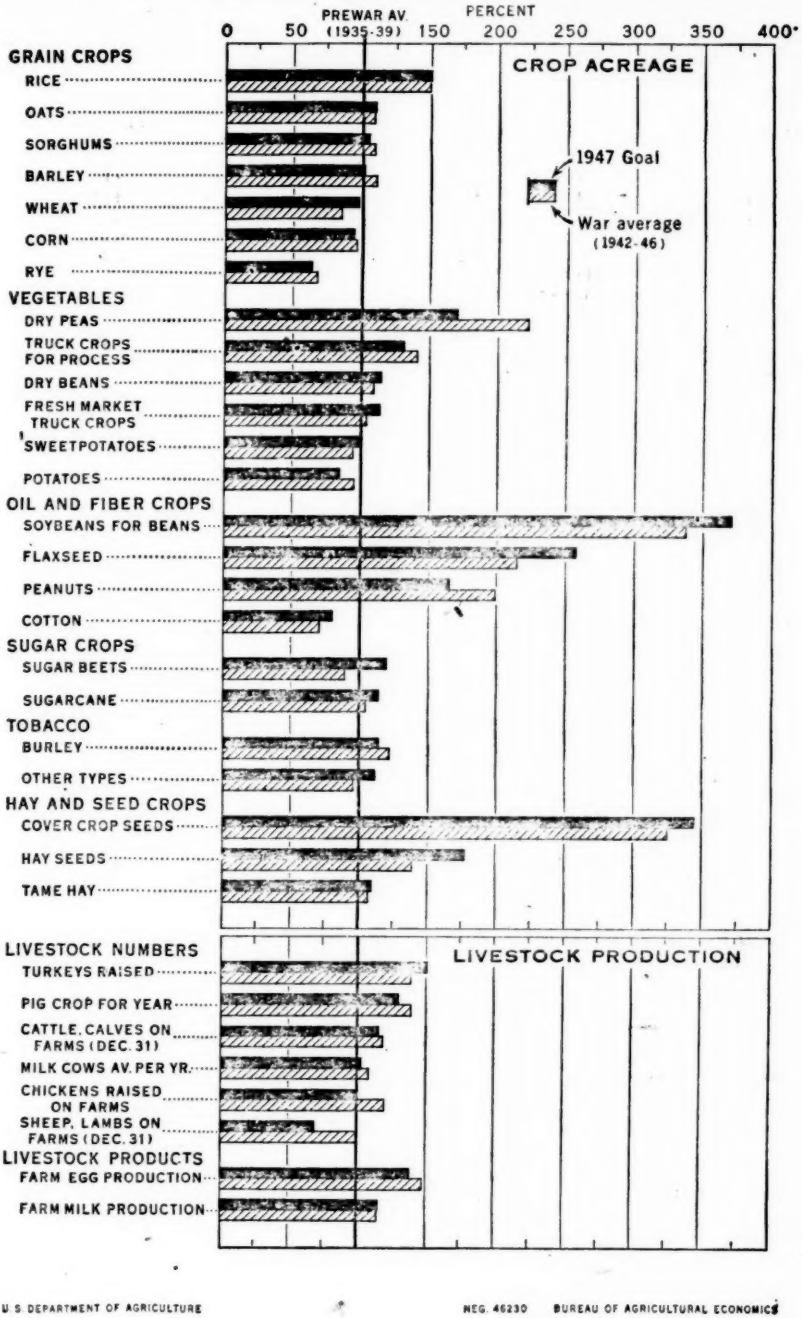
CHANGES IN CROP ACREAGES AND LIVESTOCK PRODUCTION

1947 GOALS AND WAR AVERAGE AS PERCENTAGE OF PREWAR AVERAGE



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full domestic requirements for drying oils. The high goal for soybeans arises from the extremely strong demand for edible fats and oils. The demand for protein meal for livestock feeding also makes high goals desirable for these commodities.

The requirements for peanuts are for edible purposes only. The goal is 51 percent above the prewar 1937–41 average, although substantially below wartime levels.

Cotton: The largest acreage increase over 1946 of any commodity is suggested for cotton in 1947. The goal is predicated upon the need for approximately 12 million bales of cotton (9 million bales for domestic consumption and 3 million bales for export).

Sugar Crops: In view of the severe world shortage, sugar beet and sugarcane goals are again placed at the maximum as measured by processing facilities and production resources.

Vegetables: Adjustments in the 1947 potato goals below 1946 acreages are designed to bring production in line with requirements and minimize waste of resources. Supplies of potatoes this year were so large many farmers had serious marketing difficulties. Only growers who plant within their individual farm goal for potatoes will be eligible for price support in 1947.

The sweetpotato goal calling for an increase above 1946 acreage has been developed in accordance with requirements and marketing facilities for handling the crop.

The production guides established for truck crops both for fresh market and for processing are designed to secure a more balanced use of the truck crop acreage so that consumer needs will be met and wasteful surpluses of certain vegetables will not occur (as for onions and cabbage this year).

Tobacco: Production goals for the different kinds of tobacco have been developed on the basis of requirements and production possibilities. For flue-cured, burley, fire-cured and dark air-cured tobacco except Type #37, farm acreage allotments under marketing quotas will be established.

Hay: The goal acreage is intended to provide needs for expected livestock numbers and at the same time encourage seed production and soil conservation.

Legume and Grass Seeds: Legume and grass seed goals generally are high because of the need for reseeding hay fields and pastures. In terms of the different seeds there is a continued strong demand for alfalfa, red clover, alsike clover, sweet clover, bromegrass, and bluegrass. Orchard grass is the only seed where a sharp downward adjustment in acreage is asked in order to bring supply in line with demand.

Beef Cattle: A beef cattle slaughterer of 34.5 million head is proposed for 1947. This compares with an estimated slaughter of 32 million during 1946. The goal is designed to provide for a consumption of 155 pounds of meat per capita, substantially higher than the 126 pound average for the prewar years, 1935–39, and above the 140–145 pounds for 1946. The increased slaughter is desirable both from the standpoint of furnishing needed meat supplies when the market is strong and to bring about a desirable adjustment in the beef cattle industry.

Hogs: Because of the need for greater pork output in both 1947 and 1948, the goals ask for a substantial increase in hog production next year. The 9.2 million sows for farrowing next spring, which the goals call for, are about 13 percent more than the number farrowed in the spring of 1946 and are expected to produce a spring pig crop of 53 million head.

Sheep and Lambs: The goal proposes a reduced slaughter in order to check the downward trend in sheep numbers.

Dairy: The dairy goal appears to be the maximum attainable production in view of cow numbers. Slowing down in the recent heavy rate of culling and heavier feeding of dairy cows to increase output per cow is stressed to attain this goal.

Poultry: The goal for egg production can be attained, with normal culling, from the present indicated number of hens and pullets. The egg production called for by the goal is 29 percent above the 1937–41 average production.

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Production and Marketing Administration

World Food Picture This Winter

WHILE the people of the United States and several other countries in the Western Hemisphere will have record and near-record quantities of food this winter and spring, millions of people in large areas of the world will again have extremely short food supplies.

Although total food production throughout the world in 1946–47 will be about 7 percent above last season's low output and may slightly exceed the prewar average, crop acreages in many war-devastated areas and those stricken by drought last year are still below normal. Scarcities of seed, draft power, fertilizer and equipment have limited yields. Therefore, these countries and those usually supplied by them are still in need of large imports to meet their most urgent food requirements, and such imports will have to be carefully utilized if another acute food shortage is to be averted next spring.

Compared with last year, the greatest increases in food production occurred in Europe, particularly in the countries bordering on the Mediterranean, and in North Africa. The sharp increase in food production has relieved the acute food shortage in these areas and permitted some increase in the very low rations prevailing last summer. But production was still somewhat below average and many of these countries will require extensive food imports during the current consumption year. Production increases in the remainder of Europe were much smaller, and in Austria, Germany, Poland, and several of the Balkan countries supplies of food, particularly on a per capita basis, are still sharply below prewar.

In Ireland and the United Kingdom food production was slightly above prewar but has been considerably reduced from last year by excessive rains during the harvesting period. The unfavorable weather not only resulted in extensive harvest losses, but also reduced the percentage of the harvest which could be used for food.

In the Far East, where the food supplies also were extremely short this past year, prospects for food production during 1946–47 are somewhat better than a year earlier. Improved prospects for crops in India have resulted in greater deliveries to markets than were anticipated earlier in the year and it is probable that, with prospective imports, India will have sufficient food to continue present low rations until the new rice crop becomes available in December. Even if larger crops are harvested in India this year, however, substantial imports will be needed during the coming year because of the almost complete exhaustion of reserve food stocks.

Crop prospects in China also are somewhat better than a year earlier, though there are still many areas in the interior where food production has not yet returned to prewar levels and food supplies will be extremely short. The lack of transportation facilities greatly limits quantities of food that can be moved into these areas, and also limits the movement of food from the surplus areas to the large cities thus making them more dependent on imports.

Growing conditions in Japan were especially favorable in 1946 and largely offset the shortage of fertilizer. By cutting livestock production and using as food a larger proportion of the crops produced, the total supply of food (in terms of calories) is nearly equal to the prewar average. However, the population is somewhat above prewar, due

to the repatriation of Japanese civilians and military forces formerly in China, Korea, and Manchuria. Stocks of food were used up during the past year so the need for food imports during the coming year will be about as great as it was during the 1945–46 consumption year.

Production of food in other countries of the Far East, particularly in Korea and the importing countries such as the Philippines, British Malaya and Ceylon, is much below normal and all of these countries will need substantial imports of food during the coming year.

The demand for food products in many other countries is also large. In nearly all countries of the world, food stocks have been reduced to a minimum during the past year. In some areas they are so short it is difficult to provide a steady flow of food to consumers, and even some surplus food producing areas are anxious to increase their reserves of foodstuffs. Many countries are seeking to increase rations which have been too low to maintain physical strength; in other areas which were not devastated by the war and where consumers purchasing power is high, consumption of food products is at an unusually high level. Thus despite the substantial increase in world food production, the demands for exportable supplies of food during the coming year are about equal to those of the past year.

In contrast to the large demand for food products, supplies available for export during the current year are not significantly larger than they were last year because of reduced stocks. Much of the increase in food production this year was in areas where supplies are not readily available for export. This is particularly true in the surplus producing areas of Brazil, Argentina, China and Russia. Even in the United States and Canada, the movement of surplus supplies to ports for export is limited by the shortage of transportation facilities.

Rice, fats and oils, and sugar are the foods in shortest supply throughout the world. Their shortage has created an extraordinary demand for wheat and other cereals and, though exports of these products are well above prewar, supplies are much less than are required in many importing countries.

Over two-thirds of the rice normally grown for export is produced in Burma, Siam and French Indo-China. Unfavorable weather, political upheavals and other adverse factors have drastically cut rice production in these countries, so that, together with the reduced output in Korea and Formosa, other leading export countries, total rice exports will only be a fourth of normal. Thus the Far East is now a large importer of cereals instead of net exporter.

Exportable supplies of vegetable fats and oils for 1947 are less than half of the prewar trade, and the sharp reduction in European production of butter and lard has reduced available supplies of all fats and oils way below demand.

World sugar production in 1946–47 will be about 13 percent below prewar, with the greatest decrease in the important export producing countries of Formosa, Java and the Philippines. European sugar production is also far below prewar levels, and countries there are requesting large imports. The strong demand for the short world supply means that the allocation of sugar will probably be continued through 1947 in order to maintain an equitable distribution of current supplies.

Because of the importance of wheat and other cereals in meeting the world food shortage, it is essential that as much as can be spared in exporting countries be assigned for export.

C. M. Purves, *Office of Foreign Agricultural Relations*

In 1945 a fourth of the people in the United States, including farmers, had no savings at all, in either banks, war bonds or any other form. Another fourth had less than $500. In contrast, a fifth of the people held three-fourths of the individual savings in the country. These are the findings of a recent BAE study.

Three Decades of Taxes on Farming

DURING the last three decades, the Nation has passed through two World Wars, costing vast sums of public money. Government services have expanded with the growth of the country during this period. Highway systems have been enlarged and improved, school programs are more varied and costly, assistance to the aged, indigent, and unemployed has been increased. All these expenditures are in addition to those for a wide variety of services provided for farmers and other citizens by Federal, State, and local governments. In short, the trend has been in the direction of providing more and more services through the agency of government.

These changes in government services naturally made for changes in taxes. New taxes were adopted and the rates on old taxes were modified. This is reflected in the amounts of and trends in the various taxes that directly affect farmers.

Historically, the property tax has been the chief tax levied against agriculture. Levies on farm property amounted to about $525,000,000 in 1945 compared with the peak of $640,000,000 in 1929, the depression low of $420,000,000 in 1934, and a 1909–13 average of about $215,000,000. During the years immediately preceding World War II and continuing through most of the war years, farm property taxes fluctuated within narrow limits. Changes were much smaller than during the preceding decade, including the years of World War I, when property tax levies increased sharply.

The general rise in property taxes during World War I reflected mainly the costs of expanding public services. The relative stability of property tax levies during recent years has been brought about partly by the fact that many States have depended on other taxes for significant portions of their revenues, and partly by curtailment of many activities of State and local governments during the war. However, levies now are being appreciably increased in many communities as these governmental units undertake to catch up on deferred needs.

So far as the majority of farmers are concerned, payment of Federal income taxes has been essentially a wartime phenomenon. Such payments by farmers in 1945 and 1946 are tentatively estimated at about $600,000,000 annually. During the period between the wars Federal income tax payments by farmers probably were negligible. And during the high-income years of World War I, although many farmers paid income taxes, the rates were modest compared with now. As for State income taxes, fewer than two-thirds of the States levy such taxes and, compared with the Federal tax law, the exemptions generally are high and the rates low. Farmer payments of State income taxes probably have not exceeded $40,000,000 annually even during the recent high income years.

Taxes and license costs arising out of the ownership and use of motor vehicles also make up a sizable part of farmer payments to the support of public services. Before World War I rather modest State license fees on automobiles and trucks were the main item in this category. State taxation of gasoline began in a small way in 1919 and by 1929 all States had such a tax. The Federal Government began to tax gasoline in 1932. Also, from 1942 through 1945, Federal Government imposed a use tax on automobiles and trucks.

In recent years farmers have paid about $200,000,000 annually in automobile and truck licenses, drivers' permits, Federal and State gasoline taxes, and Federal use taxes. This amount is only about 10 percent below that for the peak year of 1942, as the Federal use tax on automobiles and trucks offset part of the decrease in revenues caused by wartime gasoline rationing and the unavailability of new cars.

Farmers also pay poll taxes and a wide variety of excises which apply

Tax Returns Due January 15

EVERY farmer whose gross income during 1946 was $500 or more must file a return even though no tax is due. The typical farmer has two choices as to the filing of returns. He may (1) file a return and pay the tax due by January 15, or (2) file an estimate of the tax due and pay this estimated tax by January 15, then file the return and pay any balance due by March 15.

both to their business and their personal transactions. In the group of miscellaneous taxes, the most important are those usually classed as State general retail sales taxes. About half the States now levy such taxes, although the rates and administrative details vary widely. The growth of retail sales taxes is largely a development of the 1930's, as many States adopted such taxes as temporary measures during the depression. But these taxes proved to be good revenue producers, and usually were retained after the emergency passed. Farmers may have paid as much as $50,000,000 annually in State general sales taxes in the last few years and perhaps $5,000,000 in poll taxes.

In addition, a related group of selective sales taxes undoubtedly accounted for substantial sums. These selective sales or excise taxes are levied by both the Federal and the State governments on a wide variety of items including tobacco products, alcoholic beverages, admissions, transportation, and communications.

The outstanding changes in the farm tax situation over the last 30 years are: (1) the great increase in the amount of taxes paid by farmers and, (2) the increased diversification in the types of taxes paid. The increase in aggregate payments reflects primarily increased expenditures by all levels of government. The increased diversification within tax systems is reflected in changes in the relative importance of various taxes in the farm tax picture. The proportion of the farm tax load represented by the relatively inflexible property tax has been sharply reduced.

Farm taxes that have increased in importance generally are of the types which tend to vary in aggregate amount with incomes. Although they obviously reduce farmers' effective purhasing power, such taxes do not carry the direct threat of loss of farms that is part of the property tax.

In the absence of extensive analyses of the ultimate incidence of taxes upon various economic groups, it is not possible to state flatly that farmers are or are not paying a "proper" share of the tax load now, or whether they did so 30 years ago. But it seems clear that, generally speaking, the increased diversification in tax sources has tended to make it easier for farmers to meet their tax obligations.

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Let's Talk Turkey

TURKEY production and consumption have expanded greatly in the past decade. Pounds of turkey produced in the last 3 years has averaged almost three times the output of the early thirties, and income to farmers from turkey production has been five to six times more.

Consumption of turkey meat averaged about 2 pounds per person in 1932–34, but jumped to 4½ pounds in 1945 and 1946. No longer considered exclusively a holiday meat, turkey is now consumed around the calendar, with public eating places and similar establishments serving turkey practically every day of the year.

True, wartime scarcities of red meats stimulated the demand for

turkey and chicken, but turkey meat consumption today is only 2 to 3 percent of total meat consumption—red meat plus poultry. However, demand for turkey is expected to be relatively strong during the next few years, though growers are not likely to continue receiving the record prices of the past few years. As long as a high level of consumer purchasing power continues, many of the wartime gains in turkey production and consumption will remain.

Even when total meat supplies become nearly in balance with demand, many improvements in turkey production during recent years will help give producers an added competitive advantage over prewar years. Important among these improvements are: (1) increased commercial hatching and smaller hatching losses, (2) decreased death losses through improved flock management, (3) development of smaller breeds for the modern small home even though the average weight is increasing, and (4) extension of the marketing season to level off price-depressing marketings.

The 1946 turkey crop of some 41 million birds was second only to the 1945 record output of 45 million. These crops are nearly two and a half times larger than the 18-million head average for 1929–31. Production today runs close to one turkey for every three persons, compared with one in seven in the early thirties.

The largest increase in turkey production has been in the North Atlantic and East North Central States, where the average production in 1941–46 was about four times that of the 1930's. Almost a fifth of the Nation's turkeys are produced in these regions now, compared with only about 10 percent a decade ago. Output in the West North Central States and the Western States is nearly three times what it was ten years ago, while production in the South Central States has continued about the same. In the past 2 years Minnesota, Texas, and California have each averaged better than 4 million birds annually.

The decided shift to commercial hatching in recent years has been an important factor in reducing death losses of turkeys. Although a fifth of the poults hatched in 1945 died before reaching maturity, these deaths totaled 28 percent in 1941 and probably a much larger proportion in earlier years. Death losses, already reduced significantly, can be expected to decline even further in the years ahead.

The National Turkey Improvement Plan in recent years has been another important factor in reducing death losses as well as in obtaining other production improvements such as better flock management, standardizing and improving varieties, more efficient feeding, and increased egg production of breeder hens. These and similar developments are tending to decrease the production costs.

Of particular interest in recent production trends, is the development of the smaller birds such as the Beltsville Small White on the one hand, and the very large birds such as the Texas Broad-breasted Bronze on the other. The former varieties were developed especially for consumption in the modern small home and apartment—the Toms average around 15 pounds and the hens 9 pounds. The broad-breasted varieties were also tailor-made to produce more meat per bird—the Toms average around 26 pounds and the hens 16 pounds. These larger birds are important to hotels, restaurants, and other large users which have made turkey more of a year-round meat. Military buying during the war stimulated production of the larger birds which put on more meat per pound of feed than do the smaller birds. But the smaller birds have the advantage of being more acceptable to the average housewife and command premium prices, especially during holiday marketings.

One of the major developments in the turkey industry is the spreading out of marketings during the year. In the late thirties 75 to 80 percent of the crop was marketed in November and December, compared to only 65 to 70 percent in the past 3 years.

Earlier hatchings in recent years is one of the important factors making possible early marketings.

Along with the lengthening of the marketing season the quantities of turkey going into cold storage have increased in the past 2 years, which has made possible around-the-year consumption. Improved marketing methods which were getting under way before the war interrupted them are now being developed even more. Among these developments are better packaging and merchandizing in frozen forms because of the expansion of deep freeze equipment in retail stores and elsewhere in the trade. There has been a large increase in the marketing of frozen eviscerated turkeys in appealing packages. Reduced military procurement of the larger turkeys in the past year or so has stimulated the marketing of cut-up birds from cold storage which will undoubtedly help increase turkey consumption. Smoked and pre-roasted turkey is finding wider acceptance. And canning of turkeys, which was negligible prior to the war, has increased sharply because of military and hospital requirements.

Some say that the possibilities for improved marketing methods have not been scratched yet. And others say that better and more efficient production methods are just beginning to be adopted generally. With sufficient improvements in marketing and production, turkey growers would be able to sell turkeys at lower prices, thus offering a powerful stimulus toward greater consumption. Perhaps a decade from now turkey consumption will be substantially more than it is now.

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Cranberry Trends

PRODUCTION of cultivated cranberries, now a $10,000,000 business, is a farming enterprise confined almost exclusively to the United States. Cultivation of cranberries is limited to a few areas in the northern part of this country, with world production being thus virtually all in Massachusetts, New Jersey, Wisconsin, Washington, and Oregon.

The 1946 cranberry crop totaled 833 100 barrels of about 100 pounds each, only 5 percent less than the 1937 record of 877,300 barrels. During the past 6 years production has averaged around 680 000 barrels, about double the output around 1900.

Since 1909 the average price per barrel received by growers has ranged from a low of $4 02 in 1914 to a high of $24 30 in 1944. Wholesale prices at Chicago this season have been the highest in history, despite the near-record crop. The farm value of the crop has been at or close to $10 000 000 in recent years, compared with only about $2,000,000 in the early 1900's.

Cranberry varieties now grown commercially were developed from species native to the Northeastern States. The berries were first cultivated on Cape Cod about 1810 and first grown commercially in that area about 1850.

Production in the Cape Cod area has made Massachusetts the most important producing State. For many years Massachusetts has produced more than half the world supply of cultivated berries. Production there now averages about 500,000 barrels 2½ times the 1900 output.

Commercial production in New Jersey got under way about the same time as in Cape Cod. Reaching a peak of 241 000 barrels in 1910, production in New Jersey has gradually declined to an average of less than 90 000 barrels in recent years.

Cranberry production in Wisconsin became important by 1875, with the output remaining fairly constant till the late 1930's. The average output of Wisconsin growers is now about 100 000 barrels annually, four times that in the early 1900's. Production in Washington and Oregon, concentrated chiefly in a few narrow strips along the Coast, was negligible till the 1920's. The 1946 crops there set new records, Washington producing 46 200 barrels and Oregon 13 900.

Culture of cranberries differs greatly from that of any other im-

portant crop. Raised in bogs, or marshes, cranberries require cool summers, winters not too severe, and acid peat soil, and provision for both flooding and draining the bogs. Cranberry plants are perennial vines which produce a mat of growth up to a foot high, thus making harvest difficult. A new bog usually comes into full bearing 3 to 5 years after setting the plants, and will continue to produce for many years if given proper care. Acreage changes have been very gradual in recent years, but production has fluctuated widely from year to year largely because of weather damage.

Prior to the 1930's practically all cranberries were marketed as fresh berries. Since then commercial processing has rapidly expanded and now accounts for about half the crop. Before World War II, nearly all the processed berries were canned as sauce or jelly, but during some of the war years almost as many were dried as were canned, largely for the armed forces. Since then the proportion that is dried has declined sharply. In recent years cranberry juice or cocktail has been developed on a commercial scale.

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Long-time Prospects for Meat Production

DURING the past 6 years, producers of meat animals have had practically an unlimited market. Greatly increased consumer incomes, huge meat exports, and large military purchases supported an unprecedented demand for meat and other livestock products at favorable prices despite record production.

The prospect now, however, is that the demand for meat will turn downward by late 1947 or early 1948. Consumers in the past few years have been spending a smaller-than-usual proportion of their incomes for scarce non-farm goods, such as automobile, refrigerators and sewing machines. More of these goods are now becoming available, and consumers are expected to increase their expenditures for these items, and to spend a smaller share of their incomes for food.

Also, industrial and business activity are expected to decline from present levels during the latter part of next year. This decline, if it occurs, will lead to a decrease in prices received by farmers for meat animals, as meat-animal prices are always sensitive to changes in consumer incomes. This decline would result in lower cash receipts to producers and probably lower net returns. Significant in the picture here is the fact that, in a period of falling prices, meat-animal prices usually fall faster than the prices of commodities and services purchased for farm production and family living.

When price controls on meat were imposed in early 1942, prices of hogs, cattle, sheep, and lambs increased over 35 percent from 1941. Prices rose 22 percent under controls from April 1942 to June 1946, then increased substantially from July to September 1946, and after final decontrol in October 1946 reached even higher levels. In October 1946 they were 38 percent higher than in June 1946, although since that time they have declined somewhat. Prices are likely to be well maintained close to present levels this winter, despite a seasonal peak in meat production.

Meat-animal production reached a peak in 1944 when it was 41 percent greater than in 1939. Then total meat output declined moderately in 1945 and 1946 chiefly because of reduced hog production. But hog production in 1947 probably will be greater than in 1946 and cattle and calf production probably will be close to the 1945 record. Total meat-animal production is likely to continue at a high level into 1948.

Hogs

After decontrol, hog prices soared to new highs and, as corn prices fell from the record summer levels, the

hog-corn ratio became favorable for increased hog production. Farmers can be expected to feed the hogs they now have on hand to heavy weights, and probably will increase spring farrowings. The spring pig crop of 1947 is likely to be substantially greater than in 1946 and probably will be the largest since the record large 1943 crop. An increase in the next fall's pig crop also is likely, as corn supplies are expected to be large.

Hog prices are likely to remain relatively high through next summer, especially as the 1946 fall pig crop is small. Although supplies of pork through next summer will be relatively small, it would appear that supplies will increase more-than-usual in the fall and winter of 1947–48 and may continue large throughout that marketing year. Winter hog marketings in 1947–48 now promise to be one of the largest.

Continued increases in hybrid corn acreages, further mechanization, and improved cultural practices, which are almost certain, point to large corn crops in the years ahead which will encourage large hog production.

Beef Cattle

Cattle numbers increased around 17 million head from 1938 to 1944. The peak of 82 million head was reached in that year, 11 percent higher than the previous high of 1934. Numbers declined slightly in 1945, then increased somewhat in 1946. In recent years cattle numbers have increased more in the Western Corn Belt and in the Western States than in other regions. Declining numbers of work stock, improved pastures, better feed supplies, and lower sheep numbers make it possible to feed the large cattle herd. Total sheep and cattle numbers in some of the Western and Northern Plains States may be in excess of grazing capacity under average weather and crop conditions. In other States, livestock numbers seem to be in close balance with grazing and forage resources.

The present level of cattle numbers could permit near-record production of beef and veal in 1947. Exports of beef next year are likely to decline from the high wartime levels. In the next year or two at least, per capita supplies of beef in this country promise to be among the largest since World War I.

Sheep

Stock sheep numbers at the beginning of 1947 will be the smallest in about two decades. Sheep numbers have declined around 15 million head or 27 percent from the 1942 peak. Numbers now are only around 13 percent above the low of 1923.

Lamb and mutton supplies in the next few years will be low, if breeding stock numbers continue declining. Should numbers stabilize or increase, slaughter would fall off sharply because of the retention of more ewe lambs for flock replacements and less culling of older ewes. Small per capita supplies of lamb in prospect indicate that prices of lamb will be high relative to beef or pork.

The principal uncertainty in the sheep industry is the unfavorable outlook for wool prices. United States Government wool stocks are now roughly equivalent to a year's domestic consumption at prewar rates. World wool stocks are now the largest on record, chiefly the result of war-interrupted consumption in Continental Europe and Japan. But as consumption increases in these important consuming countries, stocks may be reduced and this would bring supplies more in balance with consumption.

GROVER J. SIMS
Bureau of Agricultural Economics

Fats and Oils

PRICES of most oilseeds, oilseed meals, fats, and oils rose sharply to record highs when price ceilings were removed in October. In late November, crude cottonseed, corn, soybean, and peanut oils were selling for 23 to 27 cents per pound, nearly double the former ceiling levels. Lard was around 30 cents per pound (wholesale, Chicago) compared with the old ceiling of 18 3 cents per pound. Prices of fat-and-oil products—margarine, short-

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

Commodity	5-year average		Nov. 15, 1945	Oct. 15, 1946	Nov. 15, 1946	Parity price Nov. 15, 1946
	August 1909–July 1914	January 1935–December 1939				
Wheat (bushel)—dollars	0.884	0.837	1.53	1.88	1.89	1.87
Rice (bushel)—do	.813	.742	[1] 1.82	2.14	2.14	1.72
Corn (bushel)—do	.642	.691	1.11	1.71	1.27	1.36
Oats—do	.399	.310	.679	.799	.782	.846
Hay (ton)—do	11.87	8.87	14.90	16.10	17.20	25.20
Cotton (pound)—cents	12.4	10.34	22.52	37.69	29.23	26.29
Soybeans (bushel)[3]—dollars	[2] .96	.954	2.09	2.28	3.09	2.04
Peanuts (pound)—cents	4.8	3.55	8.30	8.78	9.53	10.20
Potatoes (bushel)—dollars	.697	.717	1.31	1.22	1.23	1.57
Apples (bushel)—do	.96	.90	3.08	2.37	2.35	2.04
Oranges on tree, per box[3]—do	[4] 1.81	1.11	2.05	2.84	1.49	2.53
Hogs (hundredweight)—do	7.27	8.38	14.20	23.00	22.80	15.40
Beef cattle (hundredweight)—do	5.42	6.56	[1] 11.30	18.10	17.60	11.50
Veal calves (hundredweight)—do	6.75	7.80	[1] 12.60	17.00	17.30	14.30
Lambs (hundredweight)—do	5.88	7.79	[1] 12.70	17.50	18.40	12.50
Butterfat (pound)[5]—cents	26.3	29.1	[1] 50.5	90.0	84.4	[6] 59.3
Milk, wholesale (100-pound)[5]—dollars	1.60	1.81	[1] 3.38	[1] 4.97	[7] 5.08	[6] 3.73
Chickens (pound)—cents	11.4	14.9	25.9	34.4	27.5	24.2
Eggs (dozen)—do	21.5	21.7	47.1	51.5	47.8	[6] 55.6
Wool (pound)—do	18.3	23.8	[1] 40.8	41.1	40.9	38.8

[1] Revised.
[2] Comparable base price, August 1909–July 1914.
[3] Comparable price computed under section 3 (b) Price Control Act.
[4] Comparable base price, August 1919–July 1929.
[5] Does not include dairy production payments made directly to farmers by county PMA offices October 1943 to June 1946.
[6] Adjusted for seasonality.
[7] Preliminary.

ening, soap, and paint—also have continued high. Soybeans in late November were mostly at about $3.30 per bushel, country track, the highest since 1920. And flaxseed was at the unprecedented level of $7.25 per bushel, Minneapolis, compared with the previous peak of $5.94 in July 1919.

Present prices reflect the present record peacetime levels of consumer incomes and industrial activity, in conjunction with relatively small supplies of fats and oils in the United States. Imports of fats and oils, though increasing, are still at a rate less than half the prewar level of 2 billion pounds annually. Production from domestic materials is only moderately larger than the prewar average of 8.4 billion pounds annually. Increases over prewar in production of soybean oil and tallow are largely offset by decreases in output of cottonseed oil and butter. Stocks of fats and oils declined steadily (except for seasonal variations) from a peak on July 1, 1944, until October 1946, where they were only 1.2 billion pounds, three-quarters of a billion pounds below prewar.

A major decline in prices of fats, oils, and oilseeds is not likely for several months *unless* there is a decline in general business activity. Supplies of fats and oils will remain relatively small until the fall of 1947. By that time, imports of fats and oils probably will have increased further; the harvest of the 1947 crop of oilseeds, which may be large, will have begun; and inventories of fats and oils probably will have been built up moderately from the present exceptionally low level.

In the meantime, there probably will be a moderate increase in production and consumption of butter. Soap manufacture may increase moderately as Philippine copra arrives in volume. But supplies of lard, margarine, and shortening available for consumption are not likely to be quite so large, in total, as in 1946.

Year and month	Industrial production (1935–39=100) [1]	Income of industrial workers (1935–39=100) [2]	1910–14=100				Index of prices received by farmers (August 1909–July 1914=100)			
			Wholesale prices of all commodities [3]	Prices paid by farmers		Farm wage rates [4]	Livestock and products			
				Commodities	Commodities, interest, and taxes		Dairy products	Poultry and eggs	Meat animals	All livestock
1910–14 average	58	50	100	100	100	100	100	101	101	101
1915–19 average	72	90	158	151	150	148	148	154	163	158
1920–24 average	75	122	160	161	170	178	159	163	123	142
1925–29 average	98	120	142	155	168	170	160	155	148	154
1930–34 average	74	78	107	122	135	116	105	94	85	93
1935–39 average	100	100	118	115	128	116	119	109	119	117
1940–44 average	192	227	139	159	148	212	162	146	171	164
1945 average	203	286	154	180	174	350	197	196	210	203
1945										
November	168	220	156	182	175	------	202	218	203	206
December	163	233	156	183	176	------	201	222	204	207
1946										
January	160	225	156	184	177	361	203	197	206	204
February	153	218	157	185	178	------	202	198	214	202
March	168	228	159	187	180	------	201	167	219	203
April	165	247	161	188	181	362	199	166	235	205
May	159	248	162	192	185	------	198	173	226	207
June	171	[5] 264	165	196	188	------	207	178	230	213
July	172	[5] 4	180	209	199	378	245	193	268	247
August	177	[5] 284	188	211	201	------	257	199	294	263
September	[5] 181	288	[5] 181	210	200	------	251	201	280	250
October	180		196	218	207	378	300	257	318	299
November	---			224	212	---	3 7	230	313	294

Year and month	Index of prices received by farmers (August 1909–July 1914=100)									Parity ratio [6]
	Crops								All crops and livestock	
	Food grains	Feed grains and hay	Tobacco	Cotton	Oil-bearing crops	Fruit	Truck crops	All crops		
1910–14 average	100	101	102	96	98	99	------	99	100	100
1915–19 average	162	164	187	168	187	175	------	168	162	106
1920–24 average	147	129	192	180	149	148	[7] 142	160	151	86
1925–29 average	140	119	172	145	139	141	140	143	149	89
1930–34 average	70	73	119	71	73	91	103	88	90	66
1935–39 average	94	95	175	89	103	88	90	97	107	84
1940–44 average	123	119	245	121	151	153	171	143	154	103
1945 average	172	161	366	171	215	220	224	201	202	116
1945										
November	178	161	375	180	213	217	255	207	205	117
December	178	162	378	184	213	250	223	206	207	118
1946										
January	179	164	375	180	213	265	249	207	205	116
February	180	166	378	186	212	253	275	213	207	118
March	185	171	367	183	208	229	283	215	209	116
April	185	171	378	190	210	241	282	210	212	117
May	198	188	369	194	214	248	177	215	211	114
June	200	195	370	210	219	244	185	223	218	116
July	215	244	369	249	242	249	163	240	244	123
August	203	235	388	271	242	305	162	283	249	122
September	207	234	395	265	240	310	154	280	249	122
October	218	222	410	304	255	298	151	244	273	132
November	220	187	399	236	342	186	207	230	263	124

[1] Federal Reserve Board; represents output of mining and manufacturing; monthly data adjusted for seasonal variation.

[2] Computed from data furnished by Bureau of Labor Statistics and Interstate Commerce Commission on pay rolls in mining, manufacturing, and transportation; monthly data adjusted for seasonal variation. Revised May 1946. [3] Bureau of Labor Statistics.

[4] Monthly data adjusted for seasonal variation. [5] Revised.

[6] Ratio of prices received to prices paid for commodities, interest, and taxes. [7] 1924 only.

Dairy Products

PRICES received by farmers for milk and butterfat will soon decline, as production increases seasonally. However, through the first half of 1947, returns to farmers are likely to be higher than the prices plus subsidies of a year earlier. In mid-November, prices received by farmers for all dairy items were 52 percent above November 1945 and 158 percent above the 1935–39 average.

The desire of manufacturers and distributors to build up and maintain stocks has helped account for the rising prices of dairy products, but probably will have less effect after the coming production upturn. Another factor in the dairy price outlook is the fact that consumer expenditures for foods have increased sharply since the removal of price control. Unless wages and salaries increase substantially, spending for foods is likely to decline as expenditures for other commodities increase in coming months.

Dairy products were not directly involved in the widespread decontrol action during October, because dairy price ceilings were not reimposed after originally expiring on July 1. However, the butterfat-hog and butterfat-beef cattle price ratios became relatively unfavorable to dairying after meat prices were decontroled. Nevertheless, supplies of feeds are large enough to permit expansion of the 1947 spring pig crop and an increase in cattle-feeding without curtailing supplies available to dairying. Dairy product-feed price ratios were more favorable in October than during the past summer, and are likely to continue at the long time average or above, well into 1947.

Consumption of fluid milk and cream has continued to decline more than seasonally. As a result, the proportions of the national milk supply used in manufactured products is larger now than a year ago.

●

In the last 50 years potato yields have increased a bushel an acre a year.

Truck Crops

PRODUCTION goals for 1947 winter vegetables ask an increase of 5 percent over the acreage harvested in the winter of 1946. Because yields last winter were above average the goal acreage probably would produce about one-tenth less tonnage than was obtained last winter.

Growers may not plant up to the goal acreages. Early estimates, covering 8 crops that made up more than half of the winter acreage of 1946, point to a slight reduction from 1946 acreage of these crops. Even if other winter vegetables show a similar reduction, the total acreage for harvest this winter would still be about one-fifth above the 1936–45 average. With average yields, tonnage would be about an eighth less than last winter though a fifth above average.

Artichoke acreage is up nearly one-fourth from last winter. Winter beet production is expected to be about one-third below 1946 as acreage probably will be down considerably from last winter. Cabbage growers plan to increase their acreage moderately above last winter's total. A record large crop of winter cauliflower is in prospect—nearly 4½ million crates. Kale supplies probably will be larger than last season.

Lettuce acreage will be off about 6 percent from last winter, but will be about 40 percent above average. Shallot production, although considerably below that of last winter will be larger than average.

Winter spinach acreage was reduced this year. However, above-average yields are in prospect and production is expected to be considerably larger than the 1946 crop.

Acreage of winter-season commercial early Irish potatoes, the earliest new crop, will be down from last season.

In general, prices to growers for commercial truck crops for fresh market probably will rise seasonally this winter. The level of prices is expected to be about the same as a year earlier.

Fruit

CITRUS growers in the 1946–47 season will produce more than 200 million boxes—about 8.4 million tons—for the first time in the history of the citrus industry if present prospects are realized. The current crop will set a new high for the fifth consecutive year, topping the 1945–46 crop by one-eighth and more than doubling the 1935–39 average.

The early and mid-season orange crop, now being harvested, will set a new record of 56.4 million boxes, about one-fifth more than last season. Grapefruit production is expected to slightly exceed last season's record of 63.3 million boxes. But lemon production may be slightly smaller than a year ago, when 14.5 million boxes were grown.

Plentiful supplies of fresh and processed citrus will be available in the coming year. There may be some increase in exports but most of the crop will remain for disposal in domestic markets. Although there may be some increase in the quantities of citrus marketed in fresh form, it seems probable that most of the increased production will be processed into juice and segments. If so, another record large pack of citrus will be canned and frozen this season.

The pack of canned citrus juices has quadrupled since the 1939–40 crop, reaching a new high of more than 60 million cases (24 No. 2's) in the 1945–46 season. Most of the increase in the past three seasons consisted of orange juice and blended orange and grapefruit juice, although grapefruit juice continued to be the largest item packed.

During the war substantial quantities of orange juice were canned in concentrated form for the armed services and lend-lease. Even so, civilian per capita consumption of citrus juices tended to increase, reaching a level of 7.6 pounds in 1944 and 1945, and increased further to about 11.5 pounds in 1946. Civilian per capita consumption of all canned fruit juices in 1946 (including pineapple, grape, apple, and others) is estimated at 15 pounds. Per capita consumption of fresh citrus in 1946 is estimated at slightly more than 60 pounds, and that of all citrus, including processed on a fresh fruit equivalent basis, at about 90 pounds.

Demand for fruit is expected to continue strong this winter, with the record-large new citrus crop marketed at prices generally near those of a year ago. For the season as a whole, however, prices may not average quite as high as for the season just closed, yet be well above prewar levels.

Although citrus will provide the largest volume of fresh fruit this winter, there also will be substantial supplies of apples and pears. Cold-storage holdings of these two fruits on November 1 were far above those of a year earlier and somewhat above average. Stocks of frozen fruit on November 1 also were substantially larger than a year earlier.

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